



## ARLINGTON FINANCE COMMITTEE

### MINUTES OF MEETING

04/12/2023 7:30 PM

Robert P. O'Neill Community Room, 2<sup>nd</sup> Floor  
Community Safety Building, 112 Mystic Street

#### ATTENDEES

Remy	P	White	P	Griffin	P	Bliss	P
Blundell	P	Younkin	P	Harmer		Tosti	P
Susse	P	Lobel	P	LaCourt	P	Deshler	P
Migliazzo	P	Gibian	P	Jones	P	Carman	A
Beck	P	Foskett	P	Heigham	P	McKenna	P
						Bradley	P

P indicates Present; L indicates late; A indicates Absent

Visitors: Sandy Pooler (Town Manager), Len Kardon (School Committee Member), Alex McGee (Deputy Town Manager – Finance Director), Kirsy Allison-Ampe (School Committee Member)

#### BUDGETS, ARTICLES & ITEMS

1. Town Manager Pooler reviewed FY2024 summary of finances
  - a. House budget is same as Governors Budget for Chapter 70 but UGGA is less; there is an increase in Foundation aid
  - b. Senate will come out with its budget in mid-May
  - c. No deficit for FY24 or FY25 (need to draw from Stabilization Fund)
2. Long Range Planning Committee
  - a. School Committee asking for about \$6m (\$1m in FY24, 3.1m in FY25, 1.7m in FY26)
  - b. Ask for Town budget is increased spending on roads and sidewalks, money in DPW for increases to Waste Disposal contract, money for field maintenance (organic system), potentially addition funds to OPEB (if leftovers)
  - c. Anticipated increased student enrollment next year
  - d. LRP committee discuss two scenarios: \$7m to last the next three years and \$11.2m to last four years. Informal consensus in Long Range Planning is wanting a 3 year override (5% Levy)
3. LRP Estimates
  - a. Pooler provided an overview of past LRP estimates and actuals
  - b. Student enrollment is a driver for costs and a driver for state aid
4. Other
  - a. Difficulty hiring DPW employees – made market rate adjustments
  - b. Most recent override included an expansion of school programs

- c. Other Communities: Needham has a strong commercial industrial base, Belmont has a structural deficit, Lexington has more growth – areas in town with more businesses than Arlington, new housing growth is higher in Lexington because of higher home prices
- 5. Revote of WA 58 – Transfer of Funds/Cemetery
  - a. Originally voted to transfer \$210,000 but did not vote \$75k to capital budget for an excavator
  - b. VOTE: the committee voted unanimously to approve a transfer of \$210,000 to the Cemetery Commissions for the care of Town cemeteries, and \$75,000 to the Capital Budget for the purchase of a mini-excavator
- 6. Summary

Budget Name	Amount	Status
WA 58 - Transfer of Funds/Cemetery	285,000	Approved (Re-Vote)

#### MINUTES

- 1. The meeting minutes from 4/03/2023 were approved with 15 in favor and 2 abstentions (Tosti and White)

#### CONCLUSION

The meeting adjourned at 9:21 pm.

The next meeting is Monday, April 24, 2023.

Tara Bradley  
4/24/2023

Reference 1: LRP Scenarios FY24 Current Status

Reference 2: F.C. Deficit Estimates

Reference 3: Foscett Impact of LRP Proposed Spending Plan on Taxes

**FY24 Current Status**

<b>What If Summary Page.</b>								
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	197,752,524	205,700,537	213,867,387	211,096,920	211,070,760	215,733,973	220,481,293	225,271,905
Expenses	197,752,524	205,700,537	213,867,387	221,059,781	229,042,570	237,336,178	246,268,988	255,533,759
Balance: Surplus or (Deficit)	0	0	0	(9,962,861)	(17,971,810)	(21,602,205)	(25,787,695)	(30,261,854)
Stabilization Fund Balance	16,675,430	16,083,474	4,484,847	0	0	0	0	0
Stabilization Fund (Use) or Deposit	(2,946,037)	(591,956)	(11,598,627)	0	0	0	0	0
Override (Enter an Amount)								
Years before next override								
Avg. Single Family Tax Impact	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Additions	\$1,030,000							
Town Additions								
New Growth*	0	1,000,000						
State Aid			5.0%	1.0%	1.0%	1.0%	1.0%	1.0%
ARPA	\$5,000,000	\$5,000,000						
If cell is pink, value is different than LRP base assumptions (see Inflation list to the right)								
Town Inflation (Use drop-down menu)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
School Inflation (Use drop-down menu)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
SPED Inflation (Use drop-down menu)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

**Notes:** FY25 Ch. 70 aid increase of 5%. FY24 New Growth of \$1 million. Increase Local Receipts by \$200,000.

## Impact of School and Town Additions with No Override

What If Summary Page.								
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	197,752,524	206,100,537	217,952,234	206,612,074	211,070,760	215,733,973	220,481,293	225,271,905
Expenses	197,752,524	206,100,537	218,152,033	227,338,000	235,957,208	244,591,619	253,557,688	262,835,692
Balance: Surplus or (Deficit)	0	0	(199,799)	(20,725,926)	(24,886,448)	(28,857,646)	(33,076,395)	(37,563,787)
Stabilization Fund Balance	16,675,430	15,683,474	0	0	0	0	0	0
Stabilization Fund (Use) or Deposit	(2,946,037)	(991,956)	0	0	0	0	0	0
Override (Enter an Amount)								
Years before next override								
Avg. Single Family Tax Impact	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Additions	\$1,030,000	1,000,000	3,100,000	1,700,000	600,000	300,000		
Town Additions			600,000					
New Growth*	0	1,000,000						
State Aid			5.0%	1.0%	1.0%	1.0%	1.0%	1.0%
ARPA	\$5,000,000	\$5,000,000						
If cell is pink, value is different than LRP base assumptions (see Inflation list to the right)								
Town Inflation (Use drop-down menu)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
School Inflation (Use drop-down menu)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
SPED Inflation (Use drop-down menu)	7.00%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes: Reduce SPED spending to 6.5% per year. Ch. 70 increase of 5% in FY25. New Growth at \$1 million in FY24.

Add \$6.7 to School budget.

Add \$600,000 to Town budget.

## Three Year Override @ 5% of Levy

What If Summary Page.								
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	197,752,524	212,108,581	218,223,783	227,411,543	219,067,350	223,460,663	228,401,150	233,389,759
Expenses	197,752,524	212,108,581	218,223,783	227,411,543	236,032,590	244,668,886	253,636,887	262,916,870
Balance: Surplus or (Deficit)	0	0	0	0	(16,965,240)	(21,208,223)	(25,235,737)	(29,527,111)
Stabilization Fund Balance	16,675,430	22,683,474	13,903,451	458,356	0	0	0	0
Stabilization Fund (Use) or Deposit	(2,946,037)	6,008,044	(8,780,023)	(13,445,094)	0	0	0	0
Override (Enter an Amount)		7,000,000						
Years before next override		3						
Avg. Single Family Tax Impact	\$0.00	\$464.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Additions	\$1,030,000	1,000,000	3,100,000	1,700,000	600,000	300,000		
Town Additions			600,000					
New Growth*	0	1,000,000						
State Aid			5.0%	1.0%	1.0%	1.0%	1.0%	1.0%
ARPA	\$5,000,000	\$5,000,000						
If cell is pink, value is different than LRP base assumptions (see Inflation list to the right)								
Town Inflation (Use drop-down menu)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
School Inflation (Use drop-down menu)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
SPED Inflation (Use drop-down menu)	7.00%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

## Four Year Override @ 8% of Levy

What If Summary Page.								
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	197,752,524	216,308,581	218,266,833	227,455,670	236,077,820	228,439,596	233,153,064	238,260,471
Expenses	197,752,524	216,308,581	218,266,833	227,455,670	236,077,820	244,715,246	253,684,406	262,965,577
Balance: Surplus or (Deficit)	0	0	0	0	0	(16,275,650)	(20,531,342)	(24,705,106)
Stabilization Fund Balance	16,675,430	26,883,474	22,365,401	13,288,804	342,919	0	0	0
Stabilization Fund (Use) or Deposit	(2,946,037)	10,208,044	(4,518,073)	(9,076,596)	(12,945,885)	0	0	0
Override (Enter an Amount)		11,200,000						
Years before next override		4						
Avg. Single Family Tax Impact	\$0.00	\$743.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## FY24 LRP Best Case Scenario

What If Summary Page.								
	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	197,752,524	212,008,581	218,828,187	228,069,749	236,815,196	245,683,734	252,401,729	257,652,096
Expenses	197,752,524	212,008,581	218,828,187	228,069,749	236,815,196	245,683,734	254,584,377	260,451,730
Balance: Surplus or (Deficit)	0	0	0	0	0	0	(2,182,648)	(2,799,634)
Stabilization Fund Balance	16,675,430	22,029,924	14,815,838	5,194,884	681,837	794,795	0	0
Stabilization Fund (Use) or Deposit	(2,946,037)	5,354,494	(7,214,086)	(9,620,953)	(4,513,047)	112,957	0	0
Override (Enter an Amount)		7,000,000			7,809,729			
Years before next override		3			2			
Avg. Single Family Tax Impact	\$0.00	\$464.43	\$0.00	\$0.00	\$518.15	\$0.00	\$0.00	\$0.00
School Additions	\$1,030,000	1,000,000	3,100,000	1,700,000	600,000	300,000		
Town Additions			600,000					
New Growth*	1,000,000	1,000,000						
State Aid			15.0%	10.0%	5.0%	1.0%	1.0%	1.0%
ARPA	\$5,000,000	\$5,000,000						
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Town Inflation (Use drop-down menu)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
School Inflation (Use drop-down menu)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
SPED Inflation (Use drop-down menu)	7.00%	7.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

Notes: Chapter 70 increase of 15% in FY25, 10% in FY26, and 5% in FY27. \$1 million of New Growth each year.

## Finance Committee LRP Estimates

1. Balances

TM Year	FY23	FY24	FY25	FY26	FY27
2019 (FY20)	\$0	(\$17,794,913)			
2020 (FY21)	\$0	(\$17,604,803)	(\$24,063,316)		
2021 (FY22)	\$0	(\$7,093,539)	(\$19,857,374)	(\$24,788,719)	
2022 (FY23)	\$0	\$0	(\$7,406,686)	(\$20,244,225)	(\$24,822,727)
2023 (FY24)	\$0	\$0	\$0	(\$9,938,071)	(\$17,962,962)
<b>Change</b>		(\$17,794,913)			

2. Revenue exclusive of Override Stabilization Fund

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$181,531,892	\$185,565,345			
2020	\$177,205,202	\$181,170,764	\$185,072,419		
2021	\$182,417,970	\$186,813,573	\$190,821,768	\$195,077,459	
2022	\$194,039,202	\$197,471,602	\$196,605,772	\$200,986,909	\$205,279,926
2023	<b>\$194,806,487</b>	<b>\$205,108,581</b>	\$202,268,760	\$206,612,074	\$211,070,760
<b>Change</b>	\$13,274,595	\$19,543,236			

3. School Spending

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$87,267,346	\$91,993,262			
2020	\$86,434,504	\$91,041,689	\$95,988,434		
2021	\$85,200,669	\$86,918,216	\$94,709,130	\$99,916,600	
2022	\$84,447,869	\$88,319,018	\$92,382,560	\$96,431,600	\$101,033,587
2023	<b>\$84,447,869</b>	<b>\$88,947,334</b>	\$93,016,547	\$96,842,044	\$101,102,966
<b>Change</b>	(\$2,819,477)	(\$3,045,928)			

4. Town Spending

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$40,874,934	\$42,203,369			
2020	\$40,375,652	\$41,687,861	\$43,042,716		
2021	\$40,101,376	\$41,404,670	\$42,750,321	\$44,139,707	
2022	\$39,976,735	\$41,275,978	\$42,617,448	\$44,002,515	\$45,432,597
2023	<b>\$39,976,735</b>	<b>\$41,369,998</b>	\$42,714,523	\$44,102,745	\$45,536,084
<b>Change</b>	(\$898,199)	(\$833,371)			

5. Use of Override Stabilization Fund

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$13,212,137	\$41,719	\$0	\$0	\$0
2020	\$14,039,887	\$945,666	\$0	\$0	\$0
2021	\$10,406,189	\$7,614,082	\$0	\$0	\$0
2022	\$3,046,037	\$7,362,341	\$9,213,088	\$0	\$0
2023	<b>\$2,946,037</b>	<b>\$588,575</b>	\$11,448,273	\$4,635,201	\$0
<b>Change</b>	(\$10,266,100)	\$546,856			

6. Pensions

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$13,334,622	\$14,068,026			
2020	\$13,394,704	\$14,198,386	\$15,050,289		
2021	\$13,393,707	\$14,197,329	\$15,049,169	\$15,952,119	
2022	\$13,367,833	\$14,103,064	\$14,878,733	\$15,697,063	\$16,560,401
2023	<b>\$13,367,833</b>	<b>\$14,133,735</b>	\$14,911,090	\$15,731,200	\$16,596,416
<b>Change</b>	\$33,211	\$65,709			

7. Insurance

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$21,507,493	\$22,785,282			
2020	\$21,315,728	\$22,564,093	\$23,906,521		
2021	\$21,345,739	\$22,628,857	\$23,948,708	\$25,169,067	
2022	\$21,772,313	\$22,986,258	\$24,245,519	\$25,518,409	\$26,863,206
2023	<b>\$21,772,313</b>	<b>\$22,077,822</b>	\$23,318,591	\$24,524,756	\$25,777,103
<b>Change</b>	\$264,820	(\$707,460)			

8. State Aid

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$23,978,630	\$24,214,373			
2020	\$21,457,860	\$21,668,256	\$21,880,755		
2021	\$23,763,212	\$23,996,311	\$24,231,741	\$24,469,526	
2022	\$24,923,804	\$25,168,369	\$25,415,380	\$25,664,861	\$25,916,837
2023	<b>\$25,221,523</b>	<b>\$28,125,135</b>	\$29,149,945	\$29,436,868	\$29,726,660
<b>Change</b>	\$1,242,893	\$3,910,762			

9. Minuteman operating, exclusive of excluded capital

TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$5,161,523	\$5,370,477			
2020	\$5,178,684	\$5,359,938	\$5,547,539		
2021	\$5,365,949	\$5,553,757	\$5,748,138	\$5,949,323	
2022	\$6,208,487	\$6,425,784	\$6,650,686	\$6,883,460	\$7,124,381
2023	<b>\$6,208,487</b>	<b>\$7,112,915</b>	\$7,361,867	\$7,619,532	\$7,886,216
<b>Change</b>	\$1,046,964	\$1,742,438			

10. Tax Revenue, exclusive of debt exclusions

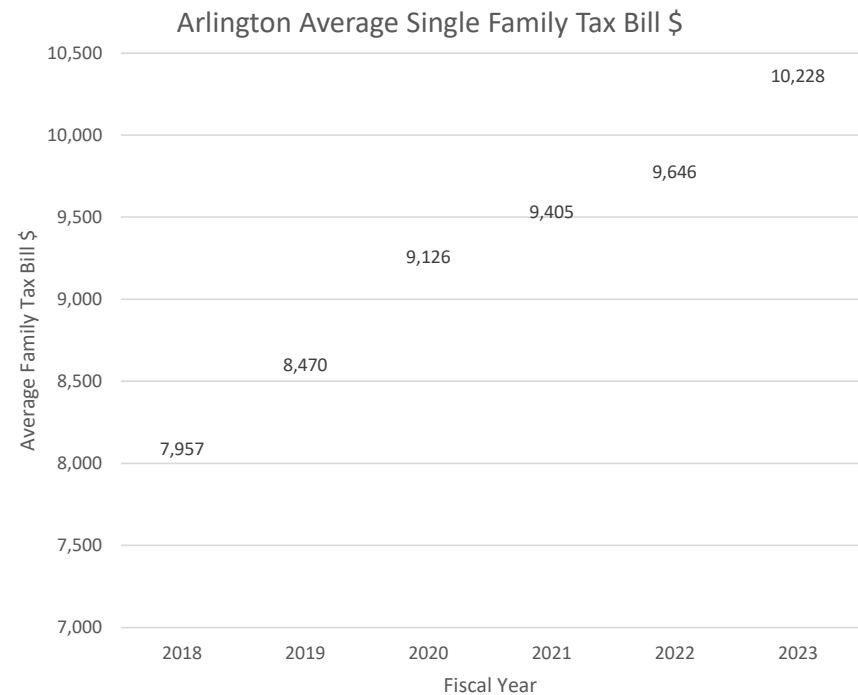
TM Year	FY23	FY24	FY25	FY26	FY27
2019	\$133,816,496	\$137,611,908			
2020	\$134,149,706	\$138,003,448	\$141,903,534		
2021	\$134,461,252	\$138,372,783	\$142,332,103	\$146,340,406	
2022	\$134,851,849	\$138,873,145	\$142,944,974	\$147,068,598	\$151,245,313
2023	<b>\$135,356,908</b>	<b>\$139,340,831</b>	\$149,934,352	\$148,182,711	\$152,487,279
<b>Change</b>	\$1,540,412	\$1,728,923			

# Impact of LRP Proposed Spending Plan on Taxes

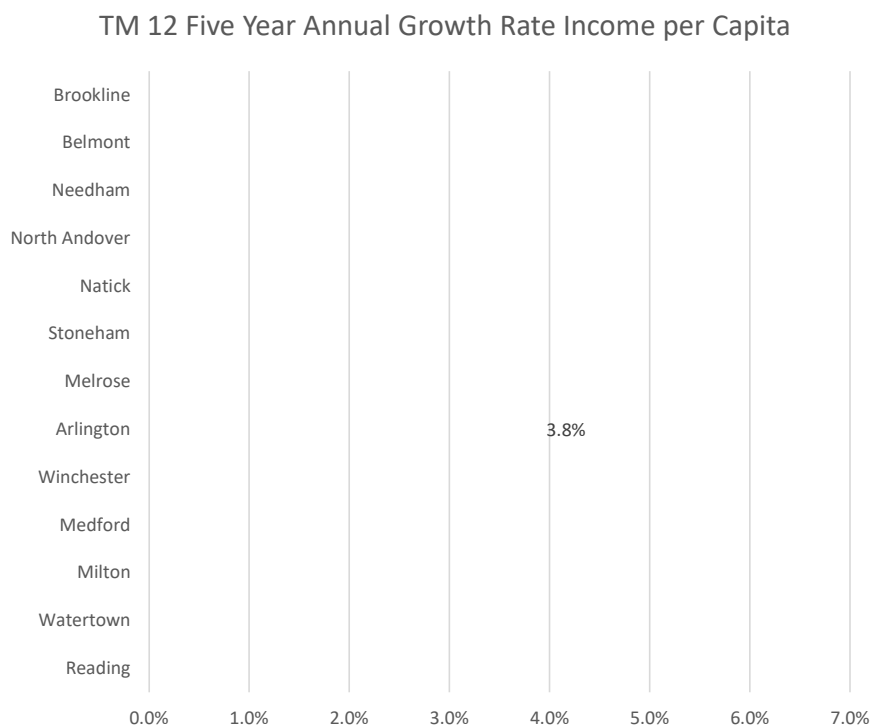
Presentation for the Finance Committee

# Arlington Residential Taxes

- The historic average annual growth rate in Arlington's average Single Family Tax Bill is 5.1% per year.
- The proposed override of \$7 million is \$464 which is an additional 4.5% increase.
- The average annual inflation rate from 2012 to 2022 is 2.44%



# Per Capita Income Growth Is Only 3.8%



- Five year income growth 2014-2019 is 3.8%
- Five year income growth 2017-2023 is also 3.8%
- Arlington's tax growth rate is 5.1%
- The increase from the proposed override will add 4.5% to the tax growth
- There will be additional increases in taxes as additional AHS debt comes on line

# The Proposed Spend Independent of Deficit Reduction

Fiscal Year	2024	2025	2026	2027	2028
APS Adds	\$1,000,000	\$3,100,000	\$1,700,000	\$600,000	\$300,000
Town Adds		\$600,000			
Combined Adds	\$1,000,000	\$3,700,000	\$1,700,000	\$600,000	\$300,000
Total Adds	<b>\$7,300,000</b>				
School Impact @3.5%	\$1,000,000	\$1,035,000	\$1,071,225	\$1,108,718	\$1,147,523
		\$3,100,000	\$3,208,500	\$3,320,798	\$3,437,025
			\$1,700,000	\$1,759,500	\$1,821,083
				\$600,000	\$621,000
					\$300,000
Total School Impact	\$1,000,000	\$4,135,000	\$5,979,725	\$6,789,015	\$7,326,631
Total Town Impact @3.25%		\$600,000	\$619,500	\$639,634	\$660,422
Yearly Total Impact	\$1,000,000	\$4,735,000	\$6,599,225	\$7,428,649	\$7,987,053
Total Increase	<b>\$27,749,927</b>				
NPV	<b>\$24,963,252</b>				
Total Added Taxes Over Five Years					<b>\$27,749,927</b>
Cost/Household	66.35	314.15	437.84	492.87	529.92

FY 23 Budget	\$197,752,524
<b>NPV % Increase over FY23</b>	<b>12.6%</b>
FY 23 Tax Levy	\$149,169,849
<b>NPV % Increase over FY23 Levy</b>	<b>16.7%</b>